

30

SOVRAN
LEASING CORPORATION

0--003A029

RECORDATION NO **16701** FILED 1425

JAN 2 1990 -12 40 PM

INTERSTATE COMMERCE COMMISSION

December 28, 1989

RECORDATION NO **16701** FILED 1425

JAN 2 1990 -12 40 PM

INTERSTATE COMMERCE COMMISSION

Secretary of the Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, DC 20423

Re: Recordation of Lease Between Sovran Leasing Corporation and Federal Paper Board Company, Inc.

Dear Secretary:

On behalf of Sovran Leasing Corporation, I have enclosed an original and one certified copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code. Such document is a "primary document" as defined in 49 C.F.R. § 1177.1(a).

The document to be recorded is Supplementary Schedule #8-50 dated December 22, 1989 (the "Supplementary Schedule"), to Master Equipment Lease #6863 dated June 10, 1988 (the "Master Lease"), between Sovran Leasing Corporation, as Lessor, and Federal Paper Board Company, Inc., as Lessee (the Supplementary Schedule and the Master Lease hereinafter are referred to collectively as the "Lease"). The Master Lease provides that its terms and conditions shall apply to each supplementary schedule entered into from time to time, properly executed and made subject to such terms and conditions, as if a separate lease were executed for each supplementary schedule. Thus, a certified copy of the Master Lease is enclosed for recording together with the original Supplementary Schedule, which has been acknowledged in the form required by 49 C.F.R. § 1177.3(a)(2).

The names and addresses of the parties to the Lease are as follows:

Lessee: Federal Paper Board Company, Inc.
75 Chestnut Ridge Road
Montvale, NJ 07645

Lessor: Sovran Leasing Corporation
Three Gateway Center, Suite 300
Pittsburgh, PA 15222

Secretary of the Interstate
Commerce Commission
December 28, 1989
Page 2 of 2

A description of the equipment covered by the Lease follows:

Six (6) 100-Ton 8,253 Cubic Foot Wood Chip Twin Tub Gondola Cars, Specification No. GT-8253-89Q407, consisting of Car Numbers FPBX 579, FPBX 585, FPBX 587, FPBX 588, FPBX 589, FPBX 590.

Also enclosed is a check in the amount of \$30.00 in payment of the filing fee for the Lease. Please return the original and any extra copies not needed by the Commission for recordation to the undersigned at Sovran's address as set forth above.

A short summary of the document to appear in the index follows:

Supplementary Schedule #8-50 dated December 22, 1989, to Master Equipment Lease #6863 dated June 10, 1988, between Sovran Leasing Corporation, as Lessor, and Federal Paper Board Company, Inc., as Lessee, covering Six (6) 100-Ton 8,253 Cubic Foot Wood Chip Twin Tub Gondola Cars, Specification No. GT-8253-89Q407, consisting of Car Numbers FPBX 579, FPBX 585, FPBX 587, FPBX 588, FPBX 589, and FPBX 590.

Very truly yours,

SOVRAN LEASING CORPORATION

By: 

John M. Banda
Vice President

Interstate Commerce Commission
Washington, D.C. 20423

1/3/90

OFFICE OF THE SECRETARY

John M Banda
Sovran Leasing Corp.
Three Gateway Center, Suite 300
Pittsburgh, PA. 15222

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/2/90 at 12:40pm and assigned recordation number(s). 16701 & 16701-A

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

LEASE NO. 6863

Master Equipment Lease

FULL LEGAL NAME AND ADDRESS OF LESSEE (INCLUDING ZIP CODE)

Federal Paper Board Company, Inc.
75 Chestnut Ridge Road
Montvale, New Jersey 07645

16701
RECORDATION #13 FILED 1425

JAN 2 1990 -12 42 PM

INTERSTATE COMMERCE COMMISSION

PERSON TO CONTACT Patricia M. Roche

TERMS AND CONDITIONS OF LEASE

Lessee and Lessor agree and acknowledge that this Master Equipment Lease (the Lease) is being executed in conjunction with one or more written schedules (Supplementary Schedules) which, by specific reference to this Lease and upon proper execution by Lessee and Lessor, become subject to all the terms and conditions contained herein. The equipment which is the subject of this Lease is described on the Supplementary Schedules. Upon such proper execution of a Supplementary Schedule, any and all additional or specific terms and conditions therein shall be, with respect to the lease of the equipment described in such Supplementary Schedule, incorporated herein and shall have the same force and effect as if such terms and conditions were expressly set forth herein. The terms and conditions contained herein shall apply to each Supplementary Schedule, properly executed and made subject to such terms and conditions, as if a separate Lease were executed for each Supplementary Schedule. The invalidation, fulfillment, waiver, termination, cancellation, or other disposition of any rights or obligations of either the Lessee or Lessor or both of them arising from the execution of this Lease in conjunction with any one Supplementary Schedule shall not affect the status of the rights or obligations of either or both of those parties arising from the execution of this Lease in conjunction with any other Supplementary Schedule, except in the event of default by Lessee as provided in Section 11 herein.

Subsequent wording of this Lease notwithstanding, this Lease is effective with respect to any Supplementary Schedule executed in conjunction herewith for the lease term (as subsequently defined herein) provided in such Supplementary Schedule. Additional Supplementary Schedules may be executed from time to time by the Lessee and the Lessor, and if such Supplementary Schedules refer by date and contracting parties to this Lease, such Supplementary Schedules shall be deemed to be executed in conjunction herewith and to be subject hereto regardless of the date upon which such Supplementary Schedules are executed and notwithstanding that the term of all leases of equipment provided for in previous Supplementary Schedules has ended.

Lessor hereby leases to Lessee and Lessee hereby hires from Lessor the equipment described on each Supplementary Schedule executed in conjunction herewith and declared to be and to constitute a part of the equipment leased hereunder (such equipment together with all parts, replacements, repairs, additions, accessions and accessories incorporated therein and/or affixed thereto being hereinafter referred to as the Equipment) on the terms and conditions set forth herein and in such Supplementary Schedules.

1. LEASE; TERM; RENTAL: The lease term (Lease Term) with respect to each item of Equipment is the period of time which includes the Initial Term of the Lease as specified in the block so entitled on Supplementary Schedules executed in conjunction herewith from time to time and includes the Renewal Terms if any specified in the block entitled "ADDITIONAL PROVISIONS," or on any written schedules to the Supplementary Schedules executed in conjunction herewith. The Lease Term commences on the date that the Equipment is delivered by Lessor, or by any manufacturer or supplier of any item of Equipment to Lessee, to an agent of Lessee or to a carrier consigned for shipment either to Lessee or to Lessee's agent, and continuing thereafter until terminated as provided for herein. Unless otherwise provided herein, the first periodic payment of rent shall be payable on the Commencement Date as stated on the Supplementary Schedules executed in conjunction herewith, and subsequent periodic payments shall be payable on the corresponding day of each period thereafter, in the order and amounts stated on the Supplementary Schedules executed in conjunction herewith, until the total rent and all other obligations shall have been paid in full. All payments of rent shall be made to the Lessor at its address set forth above or at such other place as Lessor may designate in writing. Lessee hereby authorizes Lessor to insert in the Supplementary Schedules executed in conjunction herewith the serial numbers and other identification data of the Equipment, when determined by Lessor, and dates or other omitted factual matters.

2. PURCHASE AND ACCEPTANCE; NO WARRANTIES BY LESSOR: Lessee requests Lessor to purchase Equipment, as described on any Supplementary Schedules executed from time to time in conjunction herewith, from a Seller (the "Seller") and arrange for delivery, which delivery shall be at Lessee's expense and shall be deemed complete upon the Commencement Date as stated on any Supplementary Schedules executed in conjunction herewith. Lessor shall have no responsibility for delay or failure of Seller to fill the order for the Equipment. THE LESSEE REPRESENTS THAT LESSEE HAS SELECTED THE EQUIPMENT LEASED HEREUNDER PRIOR TO HAVING REQUESTED THE LESSOR TO PURCHASE THE SAME FOR LEASING TO THE LESSEE, AND LESSEE AGREES THAT THE LESSOR HAS MADE AND MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, DIRECTLY OR INDIRECTLY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING THE SUITABILITY OF SUCH EQUIPMENT, ITS DURABILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, ITS MERCHANTABILITY, ITS CONDITION, AND/OR ITS QUALITY, AND AS BETWEEN LESSEE AND LESSOR OR LESSOR'S ASSIGNEE, LESSEE LEASES THE EQUIPMENT "AS IS." LESSOR OR LESSOR'S ASSIGNEE SHALL NOT BE LIABLE TO LESSEE FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED DIRECTLY OR INDIRECTLY BY ANY EQUIPMENT LEASED HEREUNDER OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIRS, SERVICE OR ADJUSTMENT THERETO, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY THEREOF, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS OR DAMAGE WHATSOEVER AND HOWSOEVER CAUSED. NO REPRESENTATION OR WARRANTY AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE LESSOR SHALL BE BINDING ON THE LESSOR NOR SHALL THE BREACH OF SUCH RELIEVE LESSEE OF, OR IN ANY WAY AFFECT, ANY OF LESSEE'S OBLIGATIONS TO THE LESSOR AS SET FORTH HEREIN. If the Equipment is not properly installed, does not operate as represented or warranted by the Seller or is unsatisfactory for any reason, Lessee shall make any claim on account thereof solely against the Seller and shall nevertheless pay Lessor all rent payable under the Supplementary Schedules executed in conjunction herewith. Lessor agrees to assign to Lessee, solely for the purpose of making and prosecuting any such claim, any rights it may have against the Seller for breach of warranty or representation respecting the Equipment. Lessee understands and agrees that neither the Seller nor any agent of the Seller is an agent of the Lessor and that neither the Seller nor his agent is authorized to waive or alter any term or condition of this Lease.

3. TITLE, NO OPTION TO PURCHASE: Lessor shall at all times retain title to the Equipment. All documents of title and evidences of delivery shall be delivered to Lessor. Lessee shall not change or remove any insignia or lettering indicating Lessor's ownership of such Equipment, which is on the Equipment at the time of delivery thereof, or which is thereafter placed thereon, and at any time during the Lease Term with respect to such Equipment, upon request of Lessor, Lessee shall affix to the Equipment, in a prominent place, labels, plates or other markings supplied by Lessor stating that the Equipment is owned by Lessor. Lessor is hereby authorized by Lessee, at Lessee's expense, to cause this Lease or any Supplementary Schedules executed in conjunction herewith, or any statement or other instrument in respect of this Lease showing the interest of Lessor in the Equipment, including Uniform Commercial Code Financing Statements, to be filed or recorded and refiled and re-recorded, and Lessee agrees that Lessor may effect such filing and recording in accordance with applicable law. Lessee agrees to execute and deliver any statement or instrument requested by Lessor for such purpose, and agrees to pay or reimburse Lessor for any filing, recording or stamp fees or taxes arising from the filing or recording of any such instrument or statement. Lessee shall at its expense protect and defend Lessor's title against all persons claiming against or through Lessee, at all times keeping the Equipment free from any legal process or encumbrance whatsoever, including but not limited to liens, attachments, levies, and executions, and shall give Lessor immediate written notice thereof and shall indemnify Lessor from any loss caused thereby. Lessee shall execute and deliver to Lessor, upon Lessor's request, such further instruments and assurances as Lessor deems necessary or advisable for the confirmation of perfection of Lessor's rights hereunder. Lessee shall have no right to purchase or otherwise acquire title to or ownership of any of the Equipment or to convey any interest therein.

(Continued on Reverse)

This Lease consisting of the foregoing, and THE REVERSE SIDE HEREOF and any Supplementary Schedules correctly set forth the entire Lease between Lessor and Lessee with respect to the use, possession and lease of the Equipment. No agreements or understandings concerning the foregoing shall be binding on either of the parties hereto unless specifically set forth in this Lease or in any Supplementary Schedule executed in conjunction herewith. The term "Lessee" as used herein shall mean and include any and all Lessees who sign hereunder, each of whom shall be jointly and severally bound thereby. THIS LEASE WILL NOT BE BINDING ON LESSOR UNTIL ACCEPTED BELOW.

Executed this 6/10/88 day of _____, 19____

By execution hereof, the undersigned agrees to all the terms and conditions contained herein including those on the reverse.

SEAL
ATTEST. John T. Flynn Jr.
Assistant Secretary (Title)

LESSEE: FEDERAL PAPER BOARD COMPANY, - INC.
By Alan Z. Springer
(Authorized Signature And Title)
Vice President

Date. June 22, 1988

(LESSOR: SOVRAN LEASING CORPORATION)
By Wm. H. Y. S. H.
(Authorized Signature And Title)

4. **CARE AND USE OF EQUIPMENT:** Lessee shall maintain the Equipment in good operating condition, repair, and appearance, and protect the same from deterioration, other than normal wear and tear, shall use the Equipment in the regular course of business only, within its normal capacity, without abuse, and in a manner contemplated by the Seller, shall comply with all laws, ordinances, regulations, requirements and rules with respect to the use, maintenance and operation of the Equipment; shall not make any modification, alteration or addition to the Equipment (other than normal operating accessories or controls which shall, when added to the Equipment, become the property of the Lessor) without the prior written consent of Lessor, shall not so jiffy the Equipment to result as to change its nature to real property or fixture, and agrees that the Equipment shall remain personal property at all times regardless of how attached or installed, shall keep the Equipment at the location shown on the Supplementary Schedule, and shall not remove the Equipment without the consent of Lessor. Lessor shall have the right during normal hours, upon reasonable prior notice to the Lessee and subject to applicable laws and regulations, to enter upon the premises where the Equipment is located in order to inspect or observe the Equipment. For the purpose of assuring Lessor that the Equipment will be properly serviced, Lessee agrees, in the event that Lessor so requests, to cause the Equipment to be maintained by the Seller pursuant to the Seller's standard preventive maintenance contract or a comparable maintenance contract.

5. **NET LEASE; TAXES:** Lessee intends the rental payments hereunder to be net to Lessor, and Lessee shall pay all sales, use, excise, personal property, stamp, documentary and ad valorem taxes, license and registration fees, assessments, fines, penalties, and similar charges imposed on the ownership, possession or use of the Equipment during the term of the Supplementary Schedules executed in conjunction herewith, shall pay all taxes (except Federal or State net income taxes) imposed on Lessor or Lessee with respect to the rental payments on the Supplementary Schedules executed hereunder, and shall reimburse Lessor upon demand for any taxes paid by or advanced by Lessor. If requested by Lessor, Lessee shall file all returns required therefor and furnish copies to Lessor.

6. **INDEMNITY:** Lessee shall and does hereby agree to indemnify and save Lessor its agents, servants, successors, and assigns harmless from any and all liability, damages, or loss, including reasonable counsel fees, arising out of the ownership, selection, possession, leasing, renting, operation (regardless of where, how and by whom operated) control, use, condition (including but not limited to latent and other defects, whether or not discoverable by Lessee), maintenance, delivery and return of the Equipment, or in the event that the Lessee shall be in default hereunder, arising out of the condition of any item of Equipment sold or disposed of after use by the Lessee. The indemnities and obligations herein provided shall continue in full force and effect notwithstanding the termination of the Lease.

7. **INSURANCE:** Lessee shall obtain and maintain for the entire term of the Lease, at its own expense, property damage and liability insurance and insurance against loss or damage to the Equipment, including, without limitation, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on the type or Equipment leased hereunder and by businesses in which Lessee is engaged, in such amounts, in such form and with such insurers as shall be satisfactory to Lessor, provided, however, that the amount of insurance against loss or damage to the Equipment shall not be less than the greater of the full replacement value of the Equipment or the installments or rent then remaining unpaid plus the residual value of the Equipment as determined by Lessor at the commencement of each Supplementary Schedule. In addition, Lessee will maintain such additional insurance as Lessor may reasonably require. Each insurance policy will name Lessee as an insured and Lessor as an additional insured and loss payee thereof as Lessor's interest may appear, and shall contain a clause requiring the insured to give Lessor at least thirty (30) days prior written notice of any alteration in the terms or such policy or of the cancellation thereof. Lessee shall furnish to Lessor a certificate of insurance or other evidence satisfactory to Lessor that such insurance coverage is in effect, provided, however, that Lessor shall be under no duty either to ascertain the existence of or to examine such insurance policy or to advise Lessee in the event such insurance coverage shall not comply with the requirements hereof. The proceeds of such insurance payable as a result of loss or of damage to any item of Equipment shall be applied to satisfy Lessee's obligations as set forth in Section 8 below. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts received in payment for loss or damage under any such insurance policy. Lessee further agrees to give Lessor prompt notice of any damage to, or loss of the Equipment, or any part thereof.

8. **RISK OF LOSS:** Lessee hereby assumes the entire risk of loss, damage or destruction of the Equipment from any and every cause whatsoever during the Lease Term of such Equipment and thereafter until redelivery to Lessor. In the event of loss, damage or destruction of any item of Equipment, Lessee at its expense (except to the extent of any proceeds of insurance provided by Lessee which shall have been received by Lessor as a result of such loss, damage or destruction), and at Lessor's option, shall either (a) repair such item, returning it to its previous condition, unless damaged beyond repair, or (b) pay Lessor all unpaid rental as may be allocated to such item for the balance of said term plus the residual value of the Equipment, or (c) replace such item with a like item acceptable to Lessor in good condition and of equivalent value which shall become property of Lessor, included within the term "Equipment" as used herein, and leased from Lessor for the balance of the full term of the Supplementary Schedule executed in conjunction herewith covering the Equipment. Upon payment or replacement as provided for in clauses (b) or (c) hereof, the Supplementary Schedule executed in conjunction herewith covering said Equipment shall terminate with respect to the items of Equipment so paid for or replaced, and the Equipment so paid for or replaced shall be transferred to Lessee on an as-is basis.

9. **PERFORMANCE BY LESSOR OF LESSEE'S OBLIGATIONS:** In the event Lessee fails to comply with any provision of this Lease, Lessor shall have the right, but shall not be obligated, to effect such compliance on behalf of Lessee upon ten (10) days prior written notice to Lessee. In such event, all moneys expended by, and all expenses of Lessor in effecting such compliance shall be deemed to be additional rent and shall be paid with additional interest at the rate of eight percent (8%) per annum by Lessee to Lessor at the time of the next monthly payment of rent.

10. **LEASE IRREVOCABILITY AND OTHER COVENANTS AND WARRANTIES OF LESSEE:** Lessee agrees that this Lease is irrevocable for the full term set forth in any Supplementary Schedule executed in conjunction herewith, that Lessee's obligations under this Lease are absolute and shall continue without abatement and regardless of any disability of Lessee to use the Equipment or any part thereof because of any reason including, but not limited to war, act of God, governmental regulation, strike, loss, damage, destruction, obsolescence, failure of or delay in delivery, failure of the Equipment properly to operate, termination by operation of law, or any other cause. Lessee acknowledges that the application statements and financial reports submitted by it to Lessor are material inducements to the execution by Lessor of this Lease. Lessee warrants that such application, statements and reports are true, and all information hereafter furnished by Lessee to Lessor will be, true and correct in all material respects as of the date submitted and that no such application, statement or report omits any material fact necessary to make such application, statement or report not misleading. Lessee agrees to procure for Lessor such estoppel certificates, landlord's and mortgagee's waivers or other similar documents as Lessor may reasonably request. Lessee agrees during the term set forth in any Supplementary Schedule executed in conjunction herewith to turn'sh promptly to Lessor the annual financial statement of Lessee, and such interim financial statements as Lessor may require. Lessee warrants that this Lease has been duly authorized and that no provision of this Lease is inconsistent with Lessee's charter, by-laws, or any loan or credit agreement or other instrument to which Lessee is a party or by which Lessee or its property may be bound or affected.

11. **DEFAULT:** If any one of the following events shall occur, then to the extent permitted by applicable law, Lessor shall have the right to exercise any one or more of the remedies set forth in Paragraph 12: (a) Lessee fails to pay any rental or other payment as provided in any Supplementary Schedule executed in conjunction herewith when due, and such failure continues for ten (10) days; or (b) Lessee fails to pay, when due, any indebtedness of Lessee to Lessor arising independently of this Lease, and such default shall continue for ten (10) days; or (c) Lessee breaches any covenant, warranty or agreement hereunder, and such breach continues for ten (10) days after written notice thereof; or (d) Lessee becomes insolvent or is otherwise unable to meet its obligations or makes any assignment for the benefit of creditors; or (e) a receiver, trustee, conservator or liquidator of Lessee or of all or a substantial part of its assets is appointed with or without the application or consent of Lessee; or (f) a petition is filed by or against Lessee under the Bankruptcy Code or any amendment thereto or under any other insolvency law or laws providing for the relief of debtors; or (g) any representation or warranty made by Lessee is materially false; or (h) any default shall be made by Lessee in any obligation for the payment of borrowed money; or (i) Lessee shall suffer an adverse material change in its financial condition from the date hereof, and as a result thereof Lessor deems itself or any of its Equipment to be insecure.

12. **REMEDIES:** If an event of default shall occur, Lessor may, at its option, at any time (a) declare the entire amount of unpaid rental for the balance of the term of any or all Supplementary Schedules executed in conjunction herewith, immediately due and payable, whereupon Lessee shall become obligated to pay to Lessor forthwith the total amount of the unpaid rental for the balance of said term and (b) without demand or legal process, enter into the premises where the Equipment may be found and take possession of and remove the Equipment, without liability for suit, action or other proceeding, and all rights of Lessee in the Equipment so removed shall terminate absolutely. Lessee hereby waives notice of, or hearing with respect to, such re-taking. Lessee shall also be liable for and shall pay to Lessor (a) all expenses, incurred by Lessor in connection with the enforcement of any of Lessor's remedies, including all expenses of repossessing and repairing the Equipment, and (b) reasonable attorney's fees of 20% of the total unpaid rental for the balance of the term of any or all Supplementary Schedules executed in conjunction herewith. In addition Lessee agrees to pay all costs and expenses including reasonable attorney's fees incurred by Lessor in having the Equipment abandoned by or reclaimed from an estate in bankruptcy.

Whenever any payment is not made by Lessee when due hereunder, Lessee agrees to pay to Lessor, not later than one month thereafter, an amount calculated at the rate of five cents per one dollar of each such delayed payment, but only to the extent allowed by law. Such amount shall be payable in addition to all amounts payable by Lessee as a result of exercise of any of the remedies herein provided.

All remedies of Lessor hereunder are cumulative, are in addition to any other remedies provided for by law, and may, to the extent permitted by law, be exercised concurrently or separately. The exercise of any one remedy shall not be deemed to be an election of such remedy or to preclude the exercise of any other remedy. No failure on the part of the Lessor to exercise and no delay in exercising any right or remedy shall operate as a waiver thereof or modify the terms of this Lease and any and all Supplementary Schedules.

13. **ASSIGNMENT, NOTICE OF INTENDED ASSIGNMENT:** Lessor may, without Lessee's consent, assign or transfer this Lease and any and all Supplementary Schedules or any Equipment, any rent, or any other sums due or to become due hereunder, and in such event Lessor's assignee or transferee shall have all the rights, powers, privileges and remedies of Lessor hereunder. Lessee hereby acknowledges notice that Lessor may assign this Lease and any and all Supplementary Schedules and upon such assignment Lessee agrees not to assert, as against Lessor's assignee, any defense, setoff, recoupment, claim or counterclaim, whether arising under this Lease and any and all Supplementary Schedule transaction or otherwise. Lessee shall not assign this Lease or any Supplementary Schedule or any interest hereunder and shall not enter into any sublease with respect to the Equipment covered hereby without Lessor's prior written consent.

14. **RETURN OF PROPERTY:** Upon the termination or expiration of the Lease Term of each Supplementary Schedule or any extension thereof the Lessee shall forth with deliver, or, if not prepaid, the Equipment described in such Supplementary Schedule to the Lessor, at an address designated by Lessor, complete and in good order and condition, reasonable wear and tear alone excepted. The Lessee shall also pay to the Lessor such sum as may be necessary to cover replacement for all damaged, broken or missing parts of the Equipment. If upon each expiration or termination the Lessee does not immediately return the Equipment to the Lessor, the Equipment shall continue to be held and leased hereunder, and as a result each Supplementary Schedule applicable thereto shall thereupon be extended indefinitely as to term at the same monthly rental, subject to the right of either the Lessee or the Lessor to terminate such Supplementary Schedule upon thirty (30) days' written notice, whereupon the Lessee shall forth with deliver the Equipment to the Lessor as set forth in this paragraph.

15. **ENTIRE AGREEMENT; CHANGES:** This Lease and any and all Supplementary Schedules now and hereafter executed in conjunction herewith contain the entire agreement between the parties and may not be altered, amended, modified, terminated or otherwise changed except by a writing signed by an officer of the Lessor.

16. **MISCELLANEOUS:** This Lease and any and all Supplementary Schedules shall be binding when accepted in writing by the Lessor in the State of Virginia and shall be governed by the laws of the State of Virginia. Lessor and Lessee intend this Lease and any and all Supplementary Schedules to be a valid and subsisting legal instrument, and agree that no provision of this Lease or any Supplementary Schedule which may be deemed unenforceable shall in any way invalidate any other provision or provisions of this Lease and any and all Supplementary Schedules, all of which shall remain in full force and effect. This Lease and any and all Supplementary Schedules shall be binding upon the parties, their successors, legal representatives and assigns.

Rider No. 1

Rider attached to and made a part of that Master Equipment Lease numbered 6863 dated the 10th day of June, 1988, (herein referred to as "Lease") between Sovran Leasing Corporation (herein referred to as "Lessor") and Federal Paper Board Company, Inc. (herein referred to as "Lessee").

Changes to section 1 of Lease:

On fourth line delete: to an agent of Lessee or to a carrier consigned for shipment either to Lessee or to Lessee's agent.

Changes to section 3 of Lease:

On first line after Equipment insert " During the term of the Lease."

On fourth line delete Lessee's change to Lessor's

On seventh line delete: and agree to pay or reimburse Lessor for any filing, recording, or stamp fee, or taxes arising from the filing or recording of any such instrument or statement.

Last line add: Except as otherwise noted in this Lease.

Changes to section 4 of Lease:

On line 1 after Equipment insert "in the same manner as similar equipment owned or leased by Lessee & keep the equipment"

On line 2 after tear insert "of the kind experienced in the forest products industry"

On line 4 delete: the prior written consent

On line 4 after word without insert "notifying." Should read without notifying Lessor.

On line 8 delete: For the purpose of assuring Lessor that the Equipment will be properly serviced Lessee agrees in the event that Lessor so requests to cause the Equipment to be maintained by the Seller pursuant to the Seller's standard preventive maintenance contract or a comparable maintenance contract.

Changes to section 5 of Lease:

On line 1 delete: stamp, documentary

On line 2 after penalties insert "caused by Lessee"

On line 4 & 5 delete: If requested by Lessor, Lessee shall file all returns required therefor and furnish copies to Lessor.

Changes to section 7 of Lease:

On line 5 & 6 delete: In addition Lessee will maintain such additional insurance as Lessor may reasonably require.

On line 6 delete: and loss payee thereof

On line 7 delete: any alteration in the terms of such policy or of

On line 8 insert after shall furnish to Lessor "upon request."

On line 10, 11, & 12 delete: Lessee hereby irrevocably appoints Lessor as Lessee's attorney in fact to make claim for, receive payment of and execute and endorse all documents, checks or drafts received in payment for loss or damage under any such insurance policy.

Changes to section 8 of Lease:

On line 3 delete Lessor's and change to Lessee's

Changes to section 10 of Lease:

On line 9 insert after to Lessor "upon request"

Changes to section 11 of Lease:

On line 8 & 9 delete: Lessee shall suffer an adverse material change in its financial condition from the date hereof, and as a result thereof Lessor deems itself or any of its Equipment to be insecure.

Changes to section 12 of Lease:

Replace paragraph 2 with the following:

If payment is not received by Sovran Leasing Corporation within 5 days of due date, Lessor will notify Lessee. Lessee will have until 10 days from the due date to correct the delinquency. After 10 days, Lessor will collect 1% per month of the payment amount in late charges.

Changes to section 13 of Lease:

Replace section 13 with the following:

Lessor may assign this Lease with Lessee's prior written consent which shall not be unreasonably withheld. Lessor agrees not to assign this Lease more than once per year.

Lessee shall not assign this Lease or any Supplementary Schedule or any

interest hereunder and shall not enter into any sublease with respect to the Equipment covered hereby without Lessor's prior written consent which consent shall not be unreasonably withheld.

Changes to section 14 of Lease:

Upon the termination or expiration of the Lease Term of each Supplementary Schedule or any extension thereof the Lessee shall forthwith make any or all Equipment described in such Supplementary Schedule available to the Lessor at Lessee's dock, complete and in good order and condition, reasonable wear and tear of the kind experienced in the forest products industry as specified in section 4 of the Master Equipment Lease alone excepted. Sovran Leasing Corporation will contract with a carrier to ship Equipment. Lessee agrees to pay the freight bill for a distance up to 200 miles from the plant location.

SOVRAN LEASING CORPORATION

BY: _____

W. H. Smith

TITLE: _____

SVP

DATE: _____

June 22, 1988

FEDERAL PAPER BOARD COMPANY, INC.

BY: _____

Alan Z. DeGraaf

TITLE: _____

V.P.

DATE: _____

6/10/88

RIDER NO. TWO

TO LEASE NO. 6863

DATED June 10 1988

BETWEEN SOVRAN LEASING CORPORATION

AND FEDERAL PAPER BOARD COMPANY, INC.

Notwithstanding any provision of that certain Lease dated June 10, 1988 (the "Lease") to the contrary, SOVRAN LEASING CORPORATION ("Lessor") and Federal Paper Board Company, Inc. ("Lessee") agree as follows:

The Lease has been entered into based on the understanding that Lessor shall be entitled with respect to each item of the Equipment to ordinary deductions currently provided by Section 168 Internal Revenue Code of 1986 (the "Code") to an owner of property, including the maximum deductions currently allowable under the modified Accelerated Cost Recovery System in accordance with the optimal accelerated method set forth in Section 168 of the Code (The "MACRS Deduction") for seven (7) year Recovery Property. To that end, the Lessee represents, warrants and covenants unto Lessor that all of the Equipment is "Recovery Property" that qualifies and is eligible for the optimal accelerated method of depreciation for property of its class set forth in Section 168 of the Code, and Lessee shall neither act nor fail to act during the term of the Lease in a manner that would cause the Equipment not to qualify and be eligible for the optimal accelerated method of depreciation for property of its class. If the Lessor (or the consolidated federal tax payer group of which the Lessor is a part) in computing its taxable income or liability for tax, for any reason except for the operation of the Alternative Minimum Tax on Corporations imposed by Section 55 of the Code, shall either lose, or shall not have, or shall lose the right to claim, or there shall be disallowed or recaptured for federal income tax purposes and/or state income tax purposes to the extent that applicable state tax laws, rules or regulations are in conformity with the Code, in whole or in part, all or any of the MACRS Deduction with respect to one hundred percent (100%) of the purchase price of the Equipment or any item of the Equipment (any such event being hereinafter called a "Loss") for any taxable period to the expiration of the original term of this Lease, Lessee shall then indemnify Lessor by payment to Lessor, at Lessor's election, of either:

- (A) Supplemental rent to Lessor during the remaining period of the Lease term in an amount necessary to permit Lessor to receive (on an after-tax basis over the full term of the Lease) the same rate of return that Lessor would have realized had there not been a Loss, together with any interest or penalties which may be assessed by the governmental authority (ies) with respect to such Loss, or

(B) a lump sum, payable to Lessor on demand, which shall be equal to the amount necessary for Lessor to receive (on an after-tax basis over the full term of the Lease) the same rate of return that Lessor would have realized had there not been a Loss, together with the amount of any interest or penalties which may be assessed by the governmental authority (ies) with respect to such Loss.

Lessee shall not be obligated to pay any sums required under this Rider in the event the sole cause of the Loss results from a failure of Lessor to timely claim the MACRS Deduction in Lessor's tax return, or a foreclosure by any person holding through the Lessor a lien on the Equipment, which foreclosure results solely from an act of Lessor.

The amount of indemnity payment relative to a loss to be made by Lessee to Lessor on an after tax basis and the net after tax rate of return which Lessor would have realized had there not been a Loss shall be computed on the same assumptions as utilized by Lessor in entering into this transaction, except for those changes in the original assumptions required by changes in the Code or regulations thereunder.

The provisions of this Rider and the representations, warranties, covenants and indemnity contained herein shall continue in full force and effect notwithstanding the expiration of the Lease and shall survive such expiration or early termination of the Lease.

FEDERAL PAPER BOARD COMPANY, INC.

("LESSEE")

✓ BY 

✓ TITLE VP 6/10/88

SOVRAN LEASING CORPORATION
("LESSOR")

BY 

TITLE SVP

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF ALLEGHENY

)
)
)
SS:

A F F I D A V I T

JOHN M. BANDA, having been sworn, deposes and says:

1. He is a Vice President of Sovran Leasing Corporation and, in such capacity, he is familiar with and involved in the negotiation and consummation from time to time of equipment leasing transactions with Federal Paper Board Company, Inc.


2. He has custody of and control over Sovran Leasing Corporation's files containing the equipment lease documentation entered into from time to time between Sovran Leasing Corporation and Federal Paper Board Company, Inc., including that certain Master Equipment Lease #6863 dated June 10, 1988, between Sovran Leasing Corporation, as Lessor, and Federal Paper Board Company, Inc., as Lessee (the "Master Lease").

3. He compared an executed original of the Master Lease with the copy of the Master Lease attached hereto, and found the copy to be complete and identical in all respects to the original document.

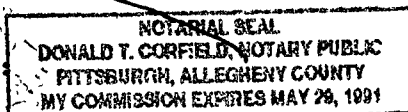
4. Further, the affiant sayeth naught.


John M. Banda

SWORN TO and subscribed before me
this 28th day of December, 1989.


Notary Public

My Commission Expires:



Member, Pennsylvania Association of Notaries